

Highlights on Finance Bill 2017



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Presented By :

Snehasish Mahmud & Co

Date: 10 June 2017

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Preface



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The handouts have been prepared on the basis of publicly available sources i.e, NBR website, Finance Bill etc., in respect to changes proposed by the Finance Bill 2017.

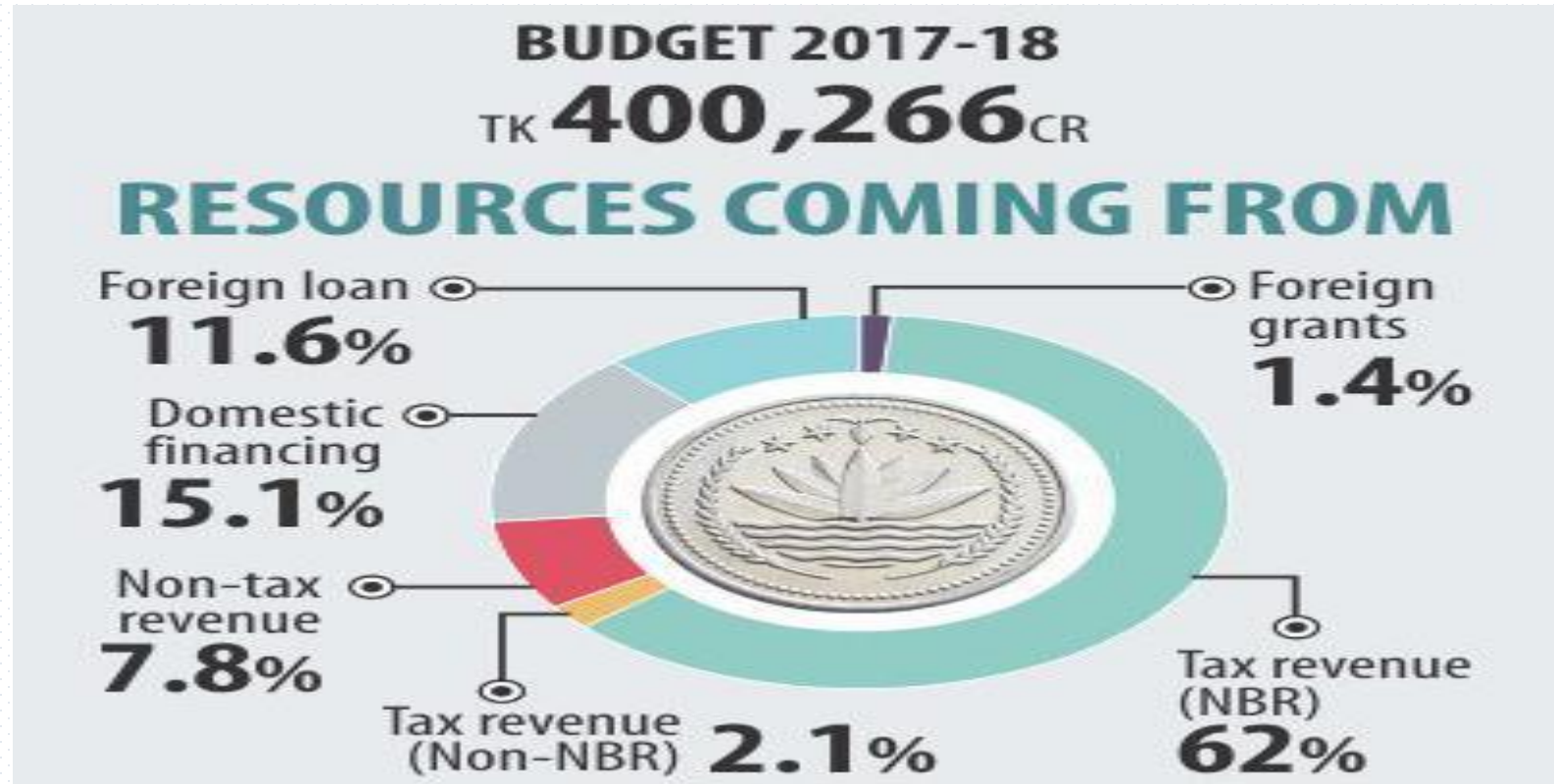
This handouts provide an overview of the changes proposed in the Finance Bill 2017. As provisions may be amended in the Finance Act 2017, this handouts should not be used for reference as its substitute.

The information contained in this handouts is of a general nature and is not intended to address the circumstances of any particular individual. Although we aim to provide accurate and timely information, we can not provide assurance that such information is accurate as of the date it is received or that it will continue to be accurate in future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Budget at a glance



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Source: The Daily Star, 2 June 2017

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National Budget Comparison at a glance



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Particulars	FY 2017-18 (Amount in Crore Taka)	FY 2016-17 (Amount in Crore Taka)	Changes
Total size of Budget	400,266	340,605	17.52%
Total Revenue Earnings	287,990	242,752	18.52%
Earnings from NBR	248,190	203,152	22.35%
Budget deficit	112,276	97,853	15.02%
GDP Growth	7.4%	7.2%	
Inflation	5.5%	5.8%	

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National Budget Comparison at a glance



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Source of receipts	2017-18		2016-17 (R)	
Tax	86,867	35.00%	64,000	34.82%
VAT	91,344	36.80%	68,768	37.42%
Import Duty	30,153	12.15%	21,690	11.80%
SD	38,212	15.40%	29,330	15.96%
Other taxes and duty	1,614	0.65%		
	248,190	100%	183,788	100%

35% growth projected?

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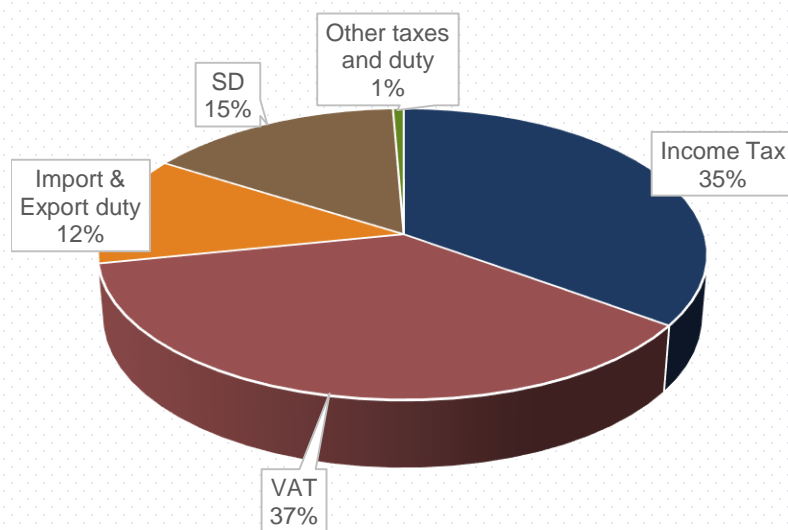
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National Budget Comparison at a glance

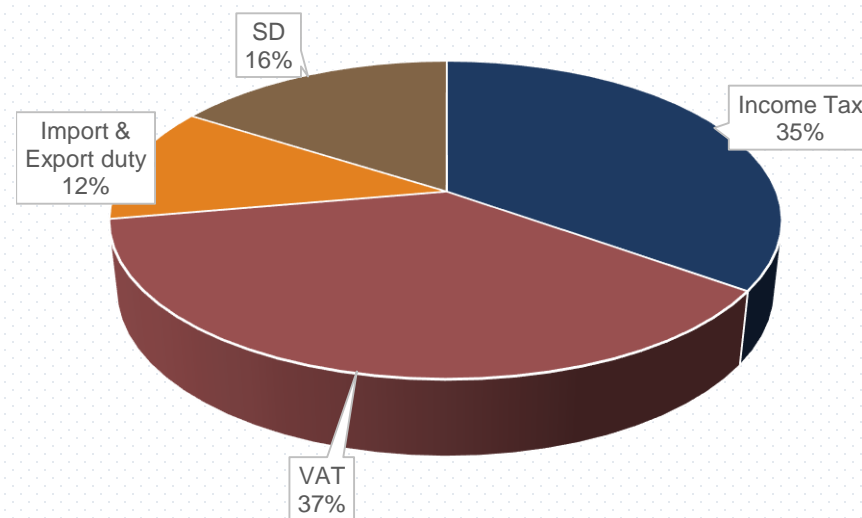


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2017-18



2016-17



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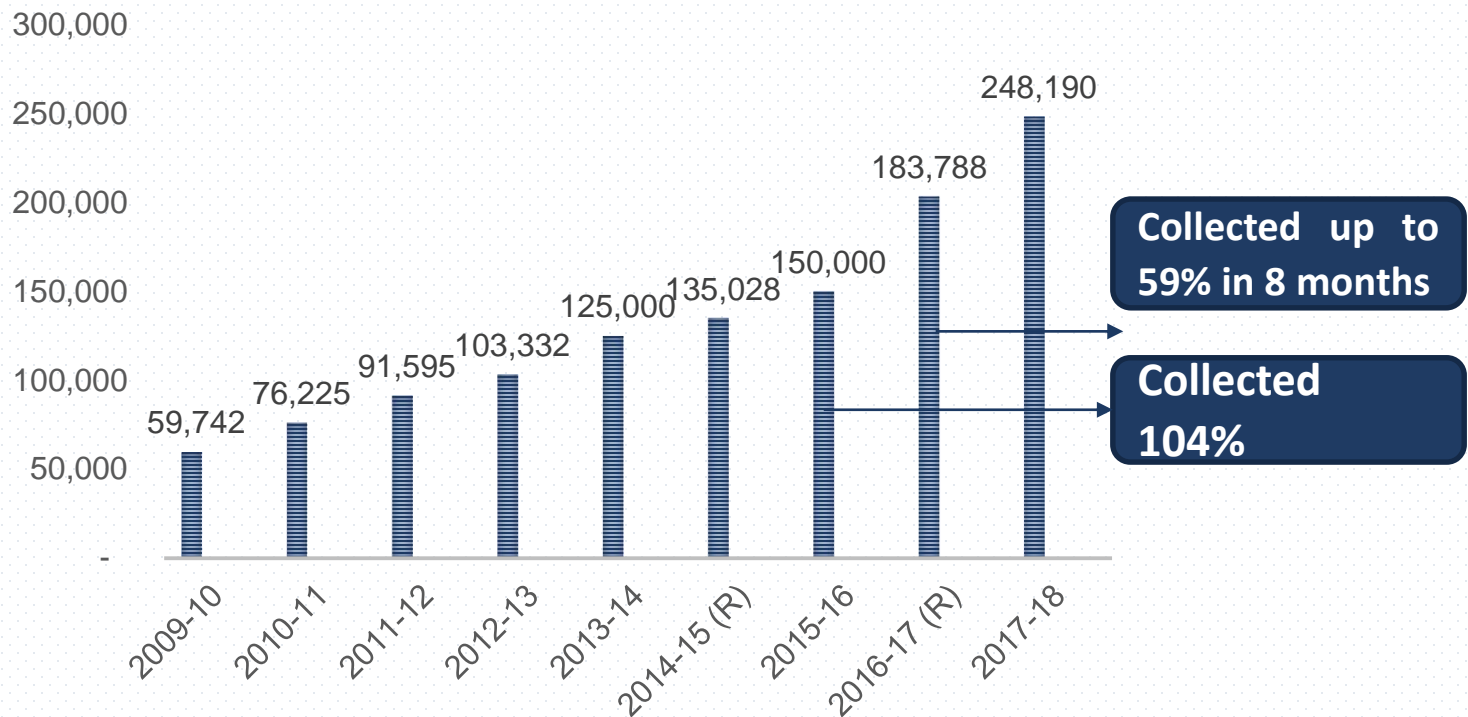


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Year-wise NBR Budget

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NBR BUDGET (IN CRORE TAKA)



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- A. Corporate tax
- B. Personal tax
- C. VAT
- D. CD and SD
- E. Excise Duty



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Summary of major changes

– Income Tax



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- No significant changes proposed for corporate tax and personal tax
- Tax rate of garments reduced to 15% from 20% but the rate of TDS will increase from 0.7% to 1%
- Due dates for filing tax returns of MNCs, Bank, Insurance will be 15 September instead of 15 July
- Universal self assessment procedure has been significantly modified
- Scope to reopen tax file u/s 93 has been widened
- ITES service list broadened
- TDS basis u/s 52AA has been elaborated and some new scope added
- TDS u/s 53E has been slightly reduced and brought under 82C
- Automation at tax office is expected to kick off
- Employer need to ensure that employees are filing their tax return
- Foreign shareholder director need to obtain ETIN

Summary of major changes

- VAT

- VAT Act 2012 will come in force from 1 July 2017 @ 15%
- Registration and enlistment threshold increased
- Turnover tax rate increased to 4%. Package VAT abolished
- Decreasing adjustment may be done for two subsequent tax period
- Extensive list of Exemption in first schedule
- Fair value concept introduced for supply without consideration
- There will be no tariff rate based VAT
- There will be no truncated rate VAT. VAT on ITES, Construction contractor will now be 15%
- No need to maintain positive balance in current account
- No need to submit price declaration
- Central registration covering all business entities across the country
- Certain local industry is exempt from VAT until 30 June 2019

Summary of major changes- CD, SD and Excise

- SD will be leviable on (a) goods at import stage, (b) goods at local stage and (c) services as per 2nd Schedule of VAT Act, 2012
- CD is reduced to 1% from 25% for inputs used for producing computer, laptop, cell phones and tablets
- CD on import of LPG Cylinders is reduced to 5% from 10%
- CD on Cell phone increased from 5 to 10%
- SD on imported SIM cards, Colour television, etc increased by 5%
- Overseas travel cost will slightly increased
- High bank deposit holder will be affected due to increased excise duty
- Government fixed price for low segment cigarette of MNC tobacco company increased as compared to local company



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Changes proposed for Corporate Tax



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Proposal: Corporate tax



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- A. Changes in corporate tax rate (s)**
- B. Return filing deadline**
- C. Expenses that are not admissible (u/s 30)**
- D. Withholding tax**
- E. Universal self assessment (82BB)**
- F. Income escaping assessment (93)**
- G. Limitation of assessment**
- H. Revisional power of Joint Commissioner of Taxes**
- I. Digitalization**
- J. Requirements of ETIN**
- K. ITES- redefined**
- L. Other changes**

Corporate tax rates



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No changes proposed in corporate tax rates except for the RMG companies. Rate has been proposed as 15% as compared to 20% for the assessment year 2016-17.



If total income is higher than 6.67% of turnover, a company will have to pay additional tax

RMG companies having internationally recognized green building certification will enjoy 14% corporate tax rate.

Tobacco product manufacturers will be required to pay surcharge @ 2.5% on their income

Tax day: Redefined for companies



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Previous definition	Proposed definition
15 th day of the seventh month following the end of the Income Year	15 th day of the seventh month following the end of the Income Year or 15 th day of September following the end of the income year where the said 15 th day falls before the 15 th day of September This means tax day for the income year ended on 31 December has been extended from 15 July to 15 September.

**Two more months for the company closing their
FS on 31 December**

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Insertion of new clauses in section 30



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Expenses will be disallowed under the following circumstances:

- **Payment of salary to the employees made after the tax day who are required to file the return of income but fails to file the same on or before the Tax Day**
- **Payment made to the following persons will be disallowed if they do not have a ETIN**
 - **Obtaining or maintaining the agency or the distributorship of a company;**
 - **Agent working for money transfer through mobile banking or other electronic means regarding recharge of mobile phone account;**
 - **Advisory or consultancy service, catering service, event management service, supply of manpower or providing security services**

**Increased burden
to the payer**

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Insertion of new clauses in section 30

- ❖ The limit in respect of overseas traveling expenses (1.25% on turnover) by an assessee engaged in providing any service to the Government where overseas traveling is a key requirement of that service will not be applicable.



Discriminatory

New proviso: 52



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Tax is not required to be deducted in respect of the purchase of direct materials that constitute cost of sales or cost of goods sold of a trading company or a manufacturing company

**Local supplier of goods is relaxed from
tax deduction at source**

Where any imported goods on which tax has been paid at source under section 53 is supplied, tax at source on the said supply shall be $B-A$, where-
A= the amount of tax paid under section 53,
B= the amount of tax applicable under this section if no tax were paid under section 53

Section 52AA

Service name reorganized



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SL. No	Description of payment	Rate of deduction of tax on base amount	
		Up to 25 lac	Above 25 Lac
3.	i. Catering service ii. Cleaning service iii. Collection and recovery agency iv. Private security service v. Manpower supply service vi. <u>Creative media service*</u> vii. <u>Public relation service*</u> viii. Event management service ix. training, workshop etc. and management services x. <u>Any other similar service of similar nature-*</u> a) <u>on commission or fee</u> b) <u>on gross bill amount</u>	10% 1.5%	12% 2%
4.	<u>Media buying agency service-*</u> (a) on commission fee (b) on gross bill amount	10% 0.5%	12% 0.65%

More specified
areas unearthed!

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New proviso: 52AA

For service serial no. 3 and 4, if the invoice shows both the commission or fee and gross bill amount, tax will be higher of (i) and (ii), where:

- i. Tax calculated on commission or fee applying the relevant rate in the table
- i. $B \times C \times D$, where
 - B= Gross bill amount
 - C= 10% for Sl no. 3 and 3.5% for Sl no. 4
 - D= rate of tax applicable on commission or fee

New proviso: 52AA-Contd.



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Say for example, a security service provider serves to a company and invoiced for Tk. 300,000 (gross bill amount)(VAT exclusive) wherein Tk. 35,000 is for commission.

In this case, TDS will be higher of (i) and (ii):

i. $(35,000 * 10\%) = \text{Tk. } 3,500$

ii. $B \times C \times D = 300,000 * 10\% * 10\% = \text{Tk. } 3,000$

B= 150,000

C= 10% for Sl no. 3

D= 10%

If commission is not shown then TDS would be Tk. 4,500 $(300,000 * 1.5\%)$

**Showing commission
saving tax**

TDS - Export of goods



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Tax is required to be collected by banks @1% from 0.70% on export proceeds received on account of exports of knit wear and woven garments, terry towel, carton and accessories of garments industry jute goods, frozen food, vegetable, leather goods, packed food.

Tax is required to be collected by banks @ 1% from 0.70% on export proceeds received on account of exports of any goods except knit wear and woven garments, terry towel, carton and accessories of garments industry jute goods, frozen food, vegetable, leather goods, packed food.

Change of section 53E:



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- Guidelines of section 53(1) shall apply to only a “Company” as deduction or collection authority of tax at source.
- Any company making a payment in relation to the promotion of the company or its goods to any person engaged in the distribution or marketing of the goods of the company shall, at the time of payment, deduct tax at the rate of one point five percent (1.5%) of the payment.

At least better than earlier position
which was unclear

Change of section 53E-Contd.



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- Any company, other than an oil marketing company, selling goods to any distributor any other person under a contract at a price lower than the retail price fixed by such company, distributor will have to suffer tax at 5% on $(B \times C)$, where

B = selling price to the distributor

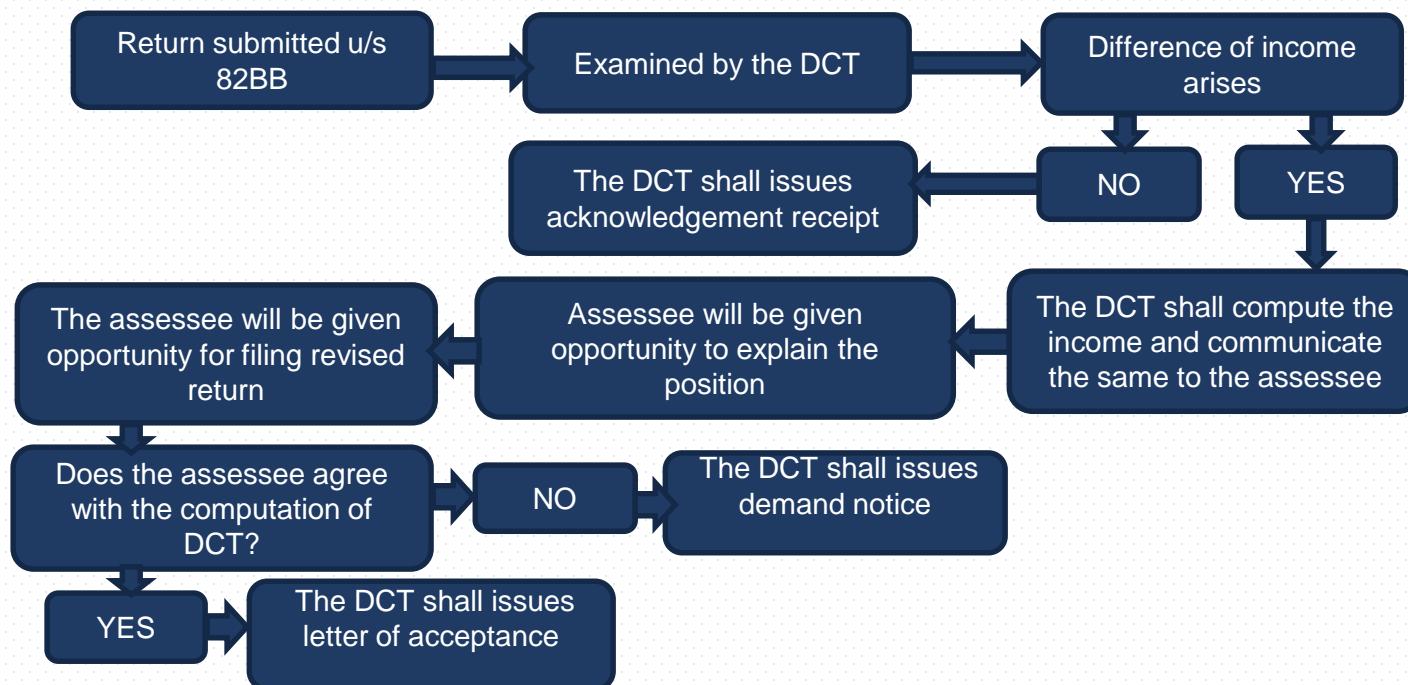
C = 5% (which was 6% in 2016-2017)

- In case of a cigarette manufacturer company, distributor will suffer tax at source @ 3% of the difference between the sale price to the distributor or the other person and the retail price fixed by such company.

Process of return by DCT: Reformed (82BB)



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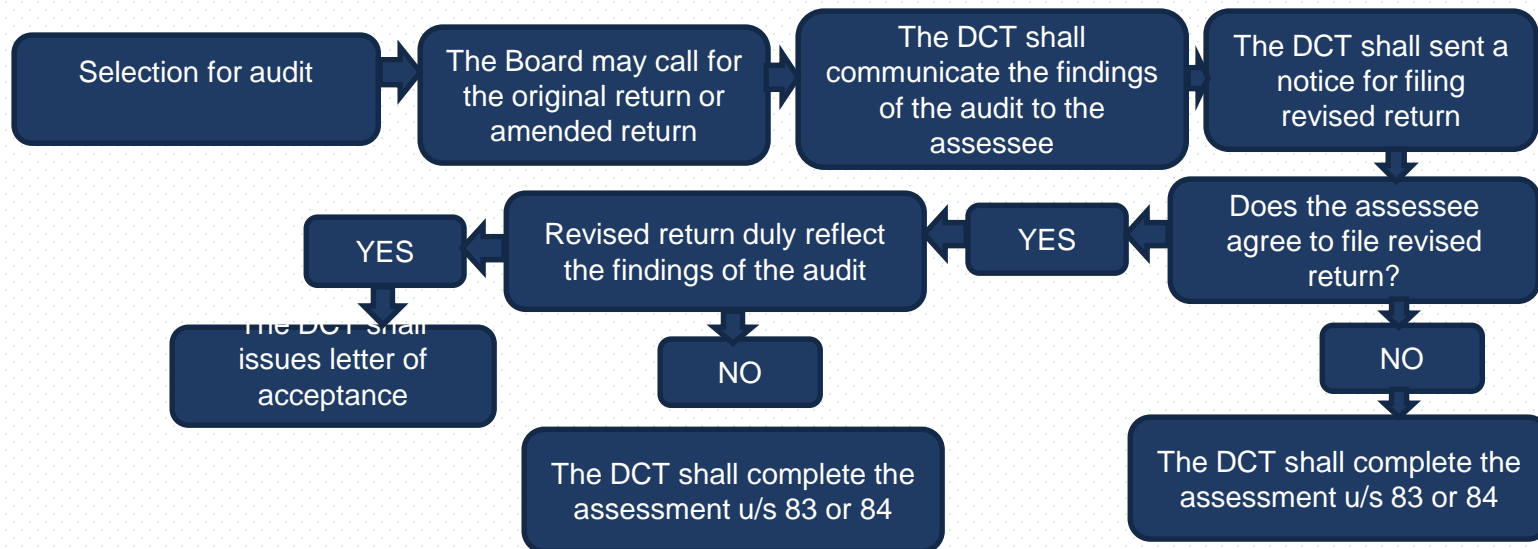


**Scope of filing amended return but
arbitrary power of DCT increased!**

Audit u/s 82BB



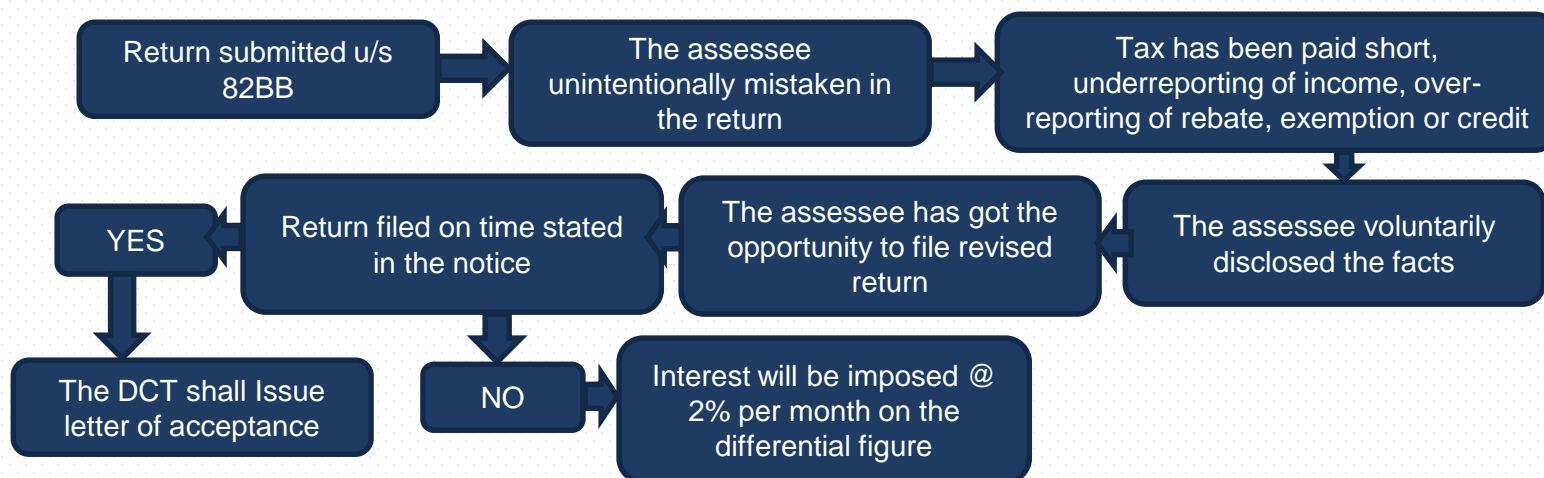
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Filing of revised return by the assessee



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Audit Selection:

A return filed or amended return shall not be selected for audit if such return or amended return shows at least fifteen percent (15%) higher total income (common source of income will be considered) assessed in the immediate preceding assessment year **(In the last financial year' 2016 the rate was 25%)**

Condition for selection of audit has been relaxed

Reopen for escaping payment u/s 93



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- The Deputy Commissioner of Taxes may ask for the submission of return of income and tax thereon if the assessing officer has the reason to believe that the assessee escaped payment
- The DCT shall issue a letter of acceptance upon receiving the return and payment that escaped
- The DCT shall initiate assessment under section 83 or 84 if the return is not filed and payment that escaped not made

Opportunity for submission of return

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Reopen for escaping payment u/s 93



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- The DCT shall obtain approval from Inspecting Joint Commissioner to reopen the file where
 - i. Return filed in compliance with section 82BB(1) or
 - ii. Assessment completed under any provision of this Ordinance
- The DCT shall have the authority to initiate any proceedings under this section even if the proceedings under section 93(2) i.e. return submission process is concluded earlier for that assessment year.

Expansion: Scope of reopening tax evasion cases u/s 93



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- The income or a part thereof has escaped assessment
- The income has been understated
- Excessive loss, deduction, allowance or relief in the return has been claimed;
- The liability of tax or any other amount payable under this Ordinance has been shown or computed lower by concealment or misreporting of any income or by concealment or misreporting of any assets, expenditure or any other particulars in a statement submitted under section 80; or
- Income chargeable to tax has been under-assessed, or income has been assessed at a lower than due tax rate; or

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Expansion: Scope of reopening tax evasion cases- u/s 93



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- Income that is subject to tax has been made the subject of tax exemption
- Income has been made the subject of excessive relief, or excessive loss or depreciation allowance or any other allowance under this Ordinance has been computed
- A tax or an amount, payable under this Ordinance, has been computed or paid lower than due amount by reason of lower base.

Scope widened

Limitation of assessment u/s 94



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An assessment will not be opened after:

- **2 years from the end of the assessment year in which the income was first assessable if the assessment is to be made as a result of audit under section 82BB;**
- **3 years from the end of the relevant assessment year where first assessment been done as per transfer pricing u/s 107C;**
- **6 months from the end of the assessment year in cases other than above.**

TP audit time bar clarified!

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Revision of order: 120



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Proceedings under section 93 shall not bar the Inspecting Joint Commissioner or Commissioner to initiate section 120

**Conflict of section 93 and 120 has been
removed and clarified**

Definition of Erroneous order: Redefined u/s-120



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- Any income is misclassified in the order
- Any provision of this Ordinance is misinterpreted in making the order
- The order is passed without making verification which should have been made
- The order is passed allowing any relief without inquiring into the claim
- The order, direction or instruction issued by the Board under section 8 has not been observed or followed in the order
- The order is erroneous for reasons apparent from the record

Scope for initiating 120 has been expanded

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Digitalization: Filing requirements



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Following areas have been proposed to include under E-Filing:

- Online submission of returns, appeal petitions, alternative disputes resolution (ADR) petitions and other applications
- Issuing system generated orders, notices and certificates
- Submission of accounts, statements, documents and data by a taxpayer in electronic form or by electronic media

Introduction of e-TDS system under a central withholding tax unit

Setting up of a automated tax information unit

VAT already digitized. Tax is far behind!

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Requirement of ETIN: Inclusiveness

The proof of ETIN shall be furnished in the case of

- applying for export registration certificate
- obtaining registration by a resident , of the deed of transfer, baynanama or power of attorney of a land, building or an apartment situated within a city corporation or a paurashova of a district headquarter, where the deed value exceeds one lakh taka
- obtaining registration, change of ownership or renewal of fitness of a bus, truck, prime mover, lorry etc., plying for hire;
- obtaining the membership of the professional body as a dentist, engineer, architect or surveyor or any other similar profession;
- submitting a plan for construction of building for the purpose of obtaining approval from any concerned authority

Requirement of ETIN: Inclusiveness



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- obtaining or maintaining the agency or the distributorship of a company;
- receiving any commission, fee or other sum in relation to money transfer through mobile banking or other electronic means or in relation to the recharge of mobile phone account;
- receiving any payment by a resident from a company against any advisory or consultancy service, catering, service, event management service, supply of manpower or providing security service;
- Submitting a bill of entry for import into or export from Bangladesh.
- registration for purchase of land, building or an apartment situated within any city corporation, by a non-resident Bangladeshi;
- being a director of a company for a non-resident, not being a Bangladeshi citizen

Foreign Director again brought under the purview of ETIN?

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IT Enabled Services: Redefined



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- | | |
|---|---|
| <ul style="list-style-type: none">• Software development• Software or application customization• Nationwide Telecommunication Transmission Network (NTTN)• Digital content development and management• Digital animation development• Website development• Web site services• Web listing• IT process outsourcing• Website hosting• Digital graphics design | <ul style="list-style-type: none">• Digital data entry and processing• Digital data analytics• Geographic Information Services (GIS);• IT support and software maintenance• Software test lab services;• Call center service;• Overseas medical transcription;• Search engine optimization services;• Document conversion, imaging and digital archiving• Robotics process outsourcing;• Cyber security services. |
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More specified ITES

Income year: Change of proviso



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Subsidiary, including a subsidiary thereof or a holding company of a parent company incorporated outside Bangladesh or a branch or liaison office can maintain the income year as maintained by the parent company



More clarified

Minimum tax : 82C



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Tax deducted or collected at source from commission, discount, fees etc. u/s 53E shall be considered as minimum tax under section 82C.

No other changes proposed under this section

Correction of error- u/s 173



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If the assessee claims for the:

- i. Sum payable has been paid higher than the due amount**
- ii. The due credit of a sum paid has not been given**

The DCT shall give credit for the relevant assessment year if the claim is found to be valid correct after due verification.



**Power still lies
with DCT?**

Disposal of TAT Appeal



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Period of disposal of an appeal lying at TAT has been extended from six months to eight months where a case is heard by two members and an additional member is appointed for hearing the case because of the difference of decision of the two members.

Return submission: Shipping business of Non-resident



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Amount referred to in section 102(2) shall include the amount paid or payable by way of demurrage charge or handling charge or any other amount of similar nature.”

If the charges mentioned above is accrued after the expiry of thirty days of the departure of the ship, the person acting on behalf of the Master shall file a supplementary return in respect of such charge and pay tax thereon within next thirty days from the end of the month in which the charge has accrued.”

Depreciation Allowance on Motor Vehicle



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Limiting the cost of bus or minibus to taka 25 lakh for allowing depreciation has been proposed to be waived in respect of bus or minibus transporting the students and teachers of the assessee being an educational institution or of the employees of the business or profession.



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Tax rate for individual assessee



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- Tax exemption threshold has been remained unchanged for the next fiscal year except that the threshold for person with disability will be Taka 400,000 (four hundred thousand) in place of Taka 375,000 (three hundred seventy five thousand).
- Tax rate for the individual has remained unchanged

Surcharge on individual assessee



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Surcharge on net wealth of the individual assessee has been proposed to maintain at its current level

Filing of Wealth statement



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Filing of wealth statement of an individual taxpayer has been relaxed as limit of gross wealth has been proposed to Taka 25 lakh from Taka 20 lakh.

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Major Changes brought in Value Added Tax (VAT) And Supplementary Duty (SD)



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Change in Definition



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Amendment proposed	Current provision
Imported service means supply of any service made from outside Bangladesh to any person.	Imported service means supply of any service made from outside Bangladesh to a person registered or required to be registered.

Any person can be the recipient of service and he is no longer be a registered or required to be registered person

Change in Definition

Electronic Service: Section 2(18)

Advertisement and telemarketing will also be included in the definition of electronic services

Distinctive feature:

Advertising and Telemarketing would be considered as **Electronic Service** when provided or delivered on or through a telecommunications network, a local or global information network, or similar means.

Change in Definition -Contd.

Amendment proposed	Current provision
<p>“Associate” means such a relation between two persons as would make one act or reasonably expected to act in accordance with the intention of the other, or make both act or reasonably expected to act in accordance with the intention of a third person and it also includes the following persons: namely- a partner of a partnership</p>	<p>“Associate” means such a relation between two persons as would make one act or reasonably expected to act in accordance with the intention of the other, or make both act or reasonably expected to act in accordance with the intention of a third person and it also includes the following persons: namely-</p> <ul style="list-style-type: none">(a) a relative of any of those persons(b) a partner of a partnership

From now on, relative of any two persons would not be considered as an associate.

Increase of threshold for Enlistment & Registration



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Enlistment & Registration:

If a PERSON, carrying on an economic activity, exceeds the limit of enlistment threshold, but doesn't exceed registration threshold, is required to be enlisted as turnover tax payer. [Section 10]

Enlistment Threshold extended to Tk. 3,600,000 from earlier threshold of Tk. 3,000,000.

A PERSON carrying an economic activity, whose turnover exceeds the registration threshold is required to be registered for VAT. [Section 4(1)]

Registration Threshold extended to Tk.15,000,000 from earlier threshold of Tk. 8,000,000.

Majority of the small traders will either be outside the scope of VAT or will be under the TOT

Insertion of new section

Reverse Charge of VAT:



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VAT on imported services will be shown as both output tax and input tax of the recipient. [Section 20(2)]

This implies that there is no cash outflow for payment of VAT on imported services.

New section 20(5) inserted:

If a person, who is not registered or enlisted or not required to be registered or enlisted, imports any taxable service (not listed in the 1st Schedule), it will be treated as taxable supply and related bank or any financial institution will deduct the VAT at the time of payment and the bank or the financial institution will deposit the same on behalf of the importer of service.

**Banks and FIs will be
responsible for collecting VAT**

Amendment in claiming adjustment of Advance VAT



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Amendment proposed	Current provision
Every registered or enlisted importer who has made a payment of advance tax may claim in the return of the related tax period or succeeding two tax periods, a decreasing adjustment equal to the amount paid as advance tax. [Section 31(3)]	Every registered or enlisted importer who has made a payment of advance tax may claim in the return of the related tax period, a decreasing adjustment equal to the amount paid as advance tax. [Section 31(3)]

Earlier, adjustment can only be made in the related tax period, now adjustment is allowed during the subsequent two periods also.

Amendment in determination of Value of Taxable Supply:



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Amendment proposed	Current provision
unless otherwise specified, the value of a taxable supply without a consideration shall be the fair market price less tax fraction of that price. [Section 32(4)]	Unless otherwise specified, the value of a taxable supply without a consideration shall be zero. [Section 31(4)]

Fair market value will now be considered.

Amendment in Input Tax Credit:

Amendment proposed	Current provision
<p>A registered person shall, in support of his claims for input tax credit at the time of filing of returns, be in possession of the flowing documents, namely—</p> <p>(a) in case of an import, a bill of entry bearing the name of the importer and the business identification number. [Section 46(4)(a)]</p>	<p>A registered person shall, in support of his claims for input tax credit at the time of filing of returns, be in possession of the flowing documents, namely—</p> <p>(a) in case of an import, a bill of entry bearing the name of the importer and the business identification number, and an instrument issued by the Customs Authority certifying that the goods have been cleared for home consumption. [Section 46(4)(a)]</p>

Bill of Entry will be
sufficient to claim rebate

Amendment in Input Tax Credit: Contd.



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Amendment proposed	Current provision
Every claim of an input tax credit by a registered person shall be made either in the tax period in which goods are received or within the two succeeding tax periods, and such claim of input tax credit thereafter shall be time barred . [Section 46(6)]	Every claim of an input tax credit by a registered person shall be made either in the tax period in which VAT is paid or within the two succeeding tax periods, and such claim of input tax credit thereafter shall be time barred . [Section 46(6)]

Extended to following
two tax periods



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Amendment in Vat withheld at source and increasing adjustment

Amendment proposed	Current provision
If a supplier other than a withholding entity makes a supply, which is not exempted or zero-rated, to a withholding entity of a value of more than Taka 10 (ten) thousand under an agreement, tender or work order, the withholding entity shall withhold, at source, one-third of the tax-fraction of that supply from the consideration payable to the supplier. [Section 49(1)]	If a supplier other than a withholding entity makes a supply, which is not exempted or zero-rated, to a withholding entity of a value of more than Taka 10 (ten) thousand under an agreement, tender or work order, the withholding entity shall withhold, at source, not more than one-third of the tax-fraction of that supply from the consideration payable to the supplier. [Section 49(1)]

No flexibility – fixed 1/3
must be deducted at source

Replacement of Section for Tax Invoice:

Amended Section:

Every registered or enlisted person will issue tax invoice on or before the date when tax becomes payable on the taxable supply in the prescribed manner. [Section 51]

Existing Section:

(1) Every registered supplier shall, at the date when VAT becomes payable on the taxable supply, issue, on or before such date, a serially numbered tax invoice containing the following information, namely:—

- (a) the date and time of issue of the invoice;
- (b) the name, address and business identification number of the supplier;
- (c) the name, address and business identification number of the buyer if the value of the supply is more than Taka 25 000.00 (twenty - five thousand) only;
- (d) A description and quantity of the goods supplied, and the actual time and date of such supply;

Replacement of Section for Tax Invoice: Contd.

- (e) the value of the supply (exclusive of VAT);
 - (f) the VAT-rate applicable to the supply;
 - (g) the amount of payable VAT.
 - (h) the summation of the price of supply and the payable VAT; and
 - (i) any other information prescribed by the Board.
- (2) No input tax credit shall be admissible against a tax invoice if the information specified in clause (c) of sub-section (1) is not included in such invoice.
- (3) The provisions of this section shall not apply where those of section 53 apply.

Distinctive feature:

Section 51 of the VAT Act, 2012 prescribes the maintenance of the required information on the tax invoice. Additionally, Rule 40(1)(c) provides a prescribed form for issuance of tax invoice. Since there remains contradiction between the VAT Act, 2012 and the VAT Rules 2016 in maintenance of the required information on the tax invoice, hence the contents of Section 51 of the VAT Act 2012 has been replaced to eliminate confusion.

Increase of Turnover Tax Rate:

Amendment proposed	Current provision
Every person enlisted or required to be enlisted shall pay turnover tax at the rate of 4 (Four) percent on the turnover of his economic activities. Provided that the amount of the advance tax paid by such person shall be adjusted against such turnover tax. [Section 63(1)]	Every person enlisted or required to be enlisted shall pay turnover tax at the rate of 3 (three) percent on the turnover of his economic activities. Provided that the amount of the advance tax paid by such person shall be adjusted against such turnover tax. [Section 63(1)]

TOT rate increased!

Insertion of few new sections:

Recovery of Arrear Tax: Section 95

Insertion of Section 95(1 Ka):

To serve the purpose, a VAT Officer not below the rank of deputy commissioner may be assigned by the commissioner as Debt Recovery Officer –DRO and the DRO will perform his duties to recover the due tax in prescribed manner.

Keeping of Records and Accounts: Section 107

Insertion of Section 107(3):

Notwithstanding anything contained in Sub-section 1, in case of unsettled VAT disputes, all the relevant documents and records shall be kept until the settlement of the disputes.

Bar to the lodgement of suits in the Court: Section 129

Insertion of Section 129(ka):

As a result of any performance done in good faith/ honest belief under this act or rules made thereunder, if any possibility arises for any person to be in harm, no law suit can be lodged or any other lawful proceedings can be taken against the Board or its officer.

Insertion of few new sections:

Recovery of Arrear Tax: Section 95

Insertion of Section 95(1 Ka):

To serve the purpose, a VAT Officer not below the rank of deputy commissioner may be assigned by the commissioner as Debt Recovery Officer –DRO and the DRO will perform his duties to recover the due tax in prescribed manner.

Keeping of Records and Accounts: Section 107

Insertion of Section 107(3):


Notwithstanding anything contained in Sub-section 1, in case of unsettled VAT disputes, all the relevant documents and records shall be kept until the settlement of the disputes.

Bar to the lodgement of suits in the Court: Section 129

Insertion of Section 129(ka):

As a result of any performance done in good faith/ honest belief under this act or rules made thereunder, if any possibility arises for any person to be in harm, no law suit can be lodged or any other lawful proceedings can be taken against the Board or its officer.

Protection for local industry



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There will be no output VAT on the following domestic industry:

- Refrigerator and Freezer
- Air Conditioner
- Palm and Soya bean Oil
- LPG Cylinder

The exemption will expire on 30 June 2019

Exemption provided on specified goods and services to certain industry



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The following industry/project have been given exemption from payment of VAT on certain goods and services

- **High tech parks**
- **Ruppur Nuclear power plant**
- **Private public partnership projects**
- **Terminal company of Moheskhali FSRU**

For details please have a look into the first schedule

Major Changes in CD, SD and Excise Duty



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Agriculture Sector



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- ☐ Custom duty for all kind of starch, oil cakes have been rationalized
- ☐ Import duties on 'mulch' used in nourishing sapling has been reduced
- ☐ Import duties have been reduced on shading net used for Green House Technology
- ☐ Duty benefit has been proposed for few extra items under Fish, Poultry and dairy
- ☐ Some more agricultural equipment have been brought under duty structure of 1%
- ☐ 25% export duty is proposed on tobacco

Industrial sector

- ❑ Above 5% duty exemption facilities are proposed on goods required to establish fire-fighting system
- ❑ Leather sector will enjoy reduced rate of duties on capital machineries of busbar trunking system and electrical panel
- ❑ Duty exemption benefit is proposed for raw material of medicine sector
- ❑ Reduced rate of duties for the raw material such as talc, mica, alumina liner etc. for ceramic sector is proposed.
- ❑ Reduced rate of duties for the raw material of battery sector like zinc callot, arsenic, antimony etc. is proposed.
- ❑ Zero rate of duty on importation of photovoltaic cell used for solar panel is kept. Duty rate increased from 5% to 10% for importation of complete solar module/panel

Other Sectors

Transport sector

- ☐ Reduced rate of duties has been proposed for hybrid vehicles
- ☐ Re-fixation of duty rates is proposed for motorcycle industry

ICT sector

Reduced rate of duties has been proposed on the machineries and parts required to assemble or manufacture items like cellular phone, laptops, pad etc.

Jewellery sector

A time-befitting policy for gold importation is proposed to be formulated within calendar year.

Other Sectors

- ☐ CD reduced to 1% from 25% for inputs used for producing computer, laptop, cellur phones and tablets
- ☐ CD on import of LPG Cylinders reduced to 5% from 10%
- ☐ CD on Import of solar modules increased from 5 to 10%
- ☐ CD on Cell phone increased from 5 to 10%
- ☐ SD on imported SIM cards, Colour television, etc increased by 5%

Amendment in First Schedule of Customs Act



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- ❑ A revised Bangladesh Customs Tarrif (BCT) is proposed to incorporate the new amendments and explanations made in 2017 by World Custom Organization (WCO) to avoid the complexities about classification of various commodities.

Stages in Supplementary Duty



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First part of 2nd schedule has been proposed to be dividend into two segments. Now there will be three parts of the second schedule:

- First part: SD leviabale goods at import stage
- Second part: SD leviabale goods at local stage
- Third part: SD leviabale services

Excise duty on bank balance



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Balance (Tk)	Current provision (Tk)	Amendment proposed (Tk)
0-100,000	150	Nil
100,001-1,000,000	500	800
1,000,0001-10,000,000	1,500	2,500
10,000,001 -50,000,000	7,500	12,000
50,000,001 and above	15,000	25,000

The more you deposit, the more bank will deduct?

Excise duty on airline ticket



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Country	Current provision (Tk)	Amendment proposed (Tk)
Any Asian countries except for SAARC	1,000	2,000
Rest of the world	1,500	3,000

Travel outside will become
albeit costlier

Duty on cigarette



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Description of cigarette	Government fixed price (Tk)	SD%
Local brand (low segment)	27	52
International brand (low segment)	35	55
Medium segment (all brands)	45	63
Higher segments (all brands)	70	65

Discriminatory on low segment!



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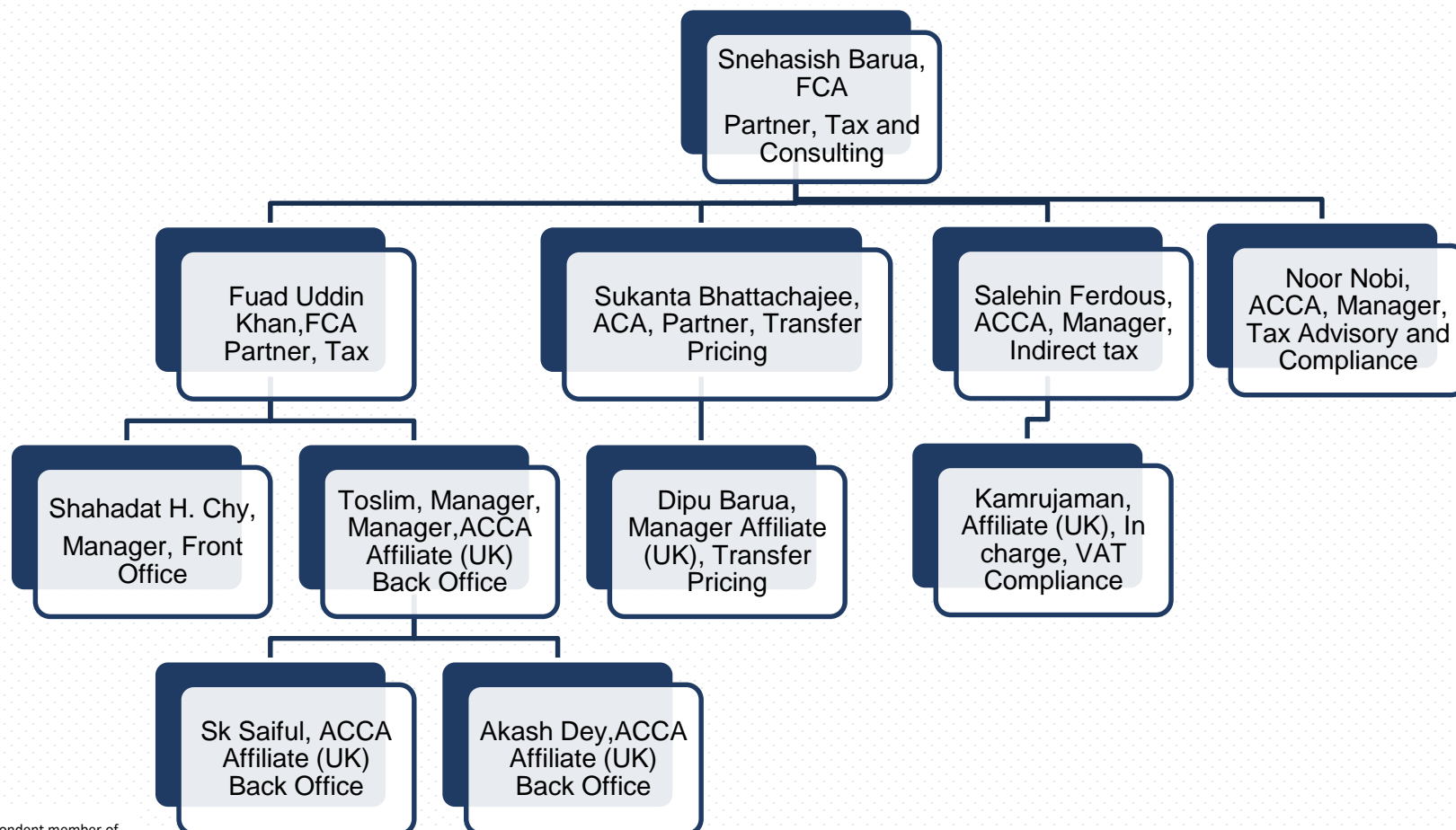


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